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Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 EA-12 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06 SP-02
LAB-04 SIL-01 OMB-01 SS-15 STR-07 CEA-01 DODE-00
NSCE-00 SSO-00 USIE-00 INRE-00 L-03 PA-02 /095 W
----------003894 071154Z /23
O R 071130Z MAR 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 3844
TREASURY DEPT WASHDC IMMEDIATE
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO

UNCLAS LONDON 03621

E.O. 11652: N/A
TAGS: EFIN, IBRD, IDB, ADB, IFIS
SUBJECT: LEGISLATIVE REQUIREMENTS FOR CALLABLE CAPITAL
IN THE INTERNATIONAL DEVELOPMENT BANKS

REF: STATE 55066

1. THE UK SYSTEM DIFFERS IN PRACTICE AND VOCABULARY FROM US PROCEDURES. THE UK SUBSCRIBES TO THE CAPITAL OF THE IBRD, IDB AND ADB UNDER THE GENERAL POWERS OF SEVERAL ACTS OF PARLIAMENT - NOTABLY THE BRETTON WOODS AGREEMENTS ACT L945, THE OVERSEAS AID ACT L968 AN THE INTERNATIONAL FINANCE, TRADE AND AID ACT L977. THE MINISTER OF OVERSEAS DEVELOPMENT MAKES SUBSCRIPTIONS
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(WITH THE APPROVAL OF THE TREASURY) UNDER THE AUTHORITY OF THESE ACTS BY "ORDER" MADE BY "STATUTORY INSTRUMENT" (I.E., A SINGLE PAGE OF PAPER SETTING OUT WHAT THE MINISTER PROPOSES TO DO). THE STATUTORY INSTRUMENT, LAID BEFORE PARLIAMENT, SPECIFIES THE ORGANIZATION AND SETS DOWN A MAXIMUM OVERALL PAYMENT (PAID-IN AND CALLABLE SUBSCRIPTIONS ARE NOT USUALLY DISTINGUISHED)

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WHICH CAN BE MADE BY THE MINISTER. AUTHORITY FOR ACTUAL PAYMENTS TO THE ORGANIZATIONS CONCERNED ARE OBTAINED BY MEANS OF "SUPPLY ESTIMATES" (IN US TERMS, AN APPROPRIATION). THE ESTIMATES, WHICH HAVE TO BE APPROVED BY PARLIAMENT, CAN ONLY SEEK AUTHORITY FOR ACTUAL PAYMENTS EXPECTED TO BE MADE DURING THAT FINANCIAL YEAR. THE ESTIMATES SUBHEADING WHICH EXPLAINS THE NEED FOR THE PAYMENT, STATES THE TOTAL SUBSCRIPTION OF WHICH IT IS PART, AND SETS OUT THE CALLABLE ELEMENT WHICH MAY STILL BE CALLED AT ANY TIME IN THE FUTURE, (INCLUDING POSSIBLY LATER IN THAT FISCAL YEAR). THIS CALLABLE ELEMENT IS NOT APPROPRIATED UNTIL THERE IS AN ACTUAL NEED FOR PAYMENT. ACTUAL REQUESTS ARE KEPT TO A MINIMUM. AS A MATTER OF PRINCIPLE, "FUNDS ARE NOT SOUGHT IN ADVANCE OF NEED".

2. IN OTHER WORDS, ESTIMATES PROVISION (I.E., APPROPRIATIONS) FOR THE CALLABLE CAPITAL OF THESE INSTITUTIONS IS NOT TAKEN (I.E., REQUESTED) UNTIL SUCH TIME AS ACTUAL PAYMENTS ARE KNOWN TO BE NEEDED. PARLIAMENT IS INFORMED BOTH WHEN LAYING THE STATUTORY INSTRUMENT AND IN THE ESTIMATES, WHEN IT MAKES PROVISION FOR THE ACTUAL PAYMENTS REQUIRED, AND TAKES NOTE OF THE SIZE OF THE REMAINING CONTINGENT LIABILITY INVOLVED. TO THE EMBASSY'S KNOWLEDGE, PARLIAMENT HAS ALWAYS APPROVED THESE. THE "ESTIMATES PROVISION" ARE A UNCLASSIFIED

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FORMALITY AND RARELY QUESTIONED.

BREWSTER

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Decaption Date: 01 jan 1960
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Disposition Approved on Date:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
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ISecure: 1
Legacy Key: link1978/newtext/t19780398/aaaadfgm.tel
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Litigation History:
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Review Release Event: n/a
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TAGS: EFIN, EFIS, UK, IBRD, IDB, ADB
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